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FISCAL IMPACT STATEMENT

LS 7429

BILL NUMBER: SB 497

NOTE PREPARED: Feb 22, 2011

BILL AMENDED: Feb 21, 2011

SUBJECT: Higher Education Scholarship.

FIRST AUTHOR: Sen. Kruse

FIRST SPONSOR: Rep. Behning

BILL STATUS: As Passed Senate

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides an Early Graduation Scholarship to a student who graduates from high school before Grade 12. It requires the State Board of Education to amend its rules to facilitate graduation from high school in less than seven semesters. The bill allows a student to participate in an early college, a dual credit, or a dual enrollment program during any grade in high school.

The bill requires the Department of Education (DOE) to report Early Graduation Scholarship student information to the State Student Assistance Commission (SSACI). It also requires DOE to transfer tuition support to SSACI for Early Graduation Scholarship students that are accepted at a higher education institution. It provides for the payment of the scholarship by SSACI to the higher education institution from these transfers.

Effective Date: Upon passage; July 1, 2011.

Explanation of State Expenditures: The bill provides a \$3,500 Early Graduation Scholarship for each high school student that graduates a year early. The student would have to complete the necessary courses by Grade 11, apply for the grant, and enroll in an approved postsecondary education institution. The impact would depend on the number of students that might choose to graduate early. The amount of scholarships granted would be deducted from the state tuition support appropriation and transferred to SSACI each year.

The bill requires school corporations to submit the name of the student who graduated at the end of the 11th grade to DOE. DOE is to submit the information from the school along with other necessary information to SSACI. When the student applies to an approved educational institution, the institution is to notify SSACI that the student is attending their school. The scholarship is to be paid by SSACI to the institution to be

applied to outstanding tuition and fees. The institution would forward any unused balance of the scholarship to the student. SSACI is required to notify DOE each fiscal year of the amount of scholarships granted, and DOE will deduct the amount of the scholarships from the tuition support appropriation. DOE is to transfer the amount of the scholarships to SSACI. The estimated amount of the scholarship is built into future DOE tuition support budget requests.

During the 2009-2010 school year, there were about 77,900 11th grade students and 73,000 12th grade students. (There are about 4,200 to 5,500 11th graders that do not become 12th grade students per each age cohort). For every 300 students that may qualify, about 0.4% of 11th grade students, the cost of the scholarships would be \$1 M. The tuition support distribution would be reduced by \$1 M.

If students graduate early, then the student would not be counted in the ADM of the school corporation the following year. There could be a reduction in the tuition support the state provides to local schools depending on the school formula in effect at the time. The funding per student would depend on the school formula, but the 2011 average regular school formula funding per student is about \$5,336 per student. Schools would have received between \$1,463 to \$8,880 less tuition support funding for CY 2011 for the loss of one student in the formula. The savings to the state would be equal to the reduction to local schools minus the amount of scholarship funds transferred to SSACI.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: See *Explanation of State Expenditures*.

State Agencies Affected: State Student Assistance Commission; Department of Education.

Local Agencies Affected:

Information Sources: Department of Education databases.

Fiscal Analyst: Chuck Mayfield, 317-232-4825.